

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3009 - HB 3297

February 29, 2012

SUMMARY OF BILL: Requires each mammography report provided to a patient by a radiologist, on and after October 1, 2012, to include information about breast density and a statement, where applicable, identifying the benefits of supplementary screening tests for patients with dense breast tissue and encouraging them to contact their physician regarding any questions or concerns about the reported mammography results.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$95,100/FY12-13
\$126,800/FY13-14 and Subsequent Years**

**Increase Federal Expenditures - \$186,200/FY12-13
\$248,200/FY13-14 and Subsequent Years**

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation may result in an increase in the cost of health insurance premiums for additional tests performed after the initial mammography screening. It is estimated that the increase to each individual's total premium will be less than one percent. A one percent increase in premium rates could range between \$50 (single coverage) and \$140 (family coverage) on average depending on the type of plan.

Assumptions:

- The Department of Health, the Board of Medical Examiners, and the Board of Osteopathic Examination will be responsible for education and ongoing regulation to ensure radiologists and physicians are complying with the provisions of the bill.
- The Boards will be able to regulate the provisions of the bill through investigations of complaints, which will not significantly increase as a result of the proposed legislation.
- The Boards will accomplish any necessary rulemaking at regularly scheduled meetings.
- Any costs incurred by the Boards will not be significant and can be accommodated within existing resources.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all health-related boards are required to be self-supporting over a two-year period. As of June 30, 2011, the Board of Medical

Examiners had a balance of \$1,465,207.30 and the Board of Osteopathic Examination had a balance of \$227,559.19.

- According to the Bureau of TennCare, there are approximately 20,846 female TennCare enrollees who receive mammograms that result in dense breast tissue. Of those, approximately 65 percent, or 13,550, of enrollees with dense breast tissue have no additional testing.
- According to TennCare, the added notification language could lead to 30 percent, or 4,065 (13,550 x 30%), of current enrollees with dense breast tissue receiving an MRI or ultrasound test that would not be done today.
- TennCare estimates that nine percent, or 366, will receive an MRI at a cost of \$580 per test, resulting in an increase in expenditures of \$212,280 (366 x \$580).
- TennCare estimates the remaining 91 percent, or 3,699, will receive an ultrasound at a cost of \$44 per test, resulting in an increase in expenditures of \$162,756 (3,699 x \$44).
- Of the total increase in expenditures of \$375,036 (\$212,280 + \$162,756), approximately \$126,807 will be state funds at a rate of 33.812 percent and \$248,229 will be federal funds at a match rate of 66.188 percent.
- The provisions of the bill require the notification on all reports on and after October 1, 2012. Therefore, first year costs are estimated for nine months. The total increase in expenditures in FY12-13 will be \$95,105 in state funds [(\$126,807/12 months) x 9 months] and \$186,172 in federal funds [(\$248,229/12 months) x 9 months].
- Private sector health insurance premium impact: The provisions of the bill may result in an increase in the number of tests private insurance enrollees who receive a mammography screening report indicating dense breast tissue receive. Health insurance premiums may increase to cover the costs of the additional testing. According to the *Health Insurance Mandates in the States 2010* report by the Council for Affordable Health Insurance (CAHI), the estimated cost to health insurance for mammography screenings is less than one percent of the total premiums in Tennessee. It is estimated that the increase to each individual's total premium will be less than one percent. Based on a 2011 report by the Fiscal Review Committee staff, a one percent increase in premium rates will range between \$50 (single coverage) and \$140 (family coverage) on average depending on the type of plan.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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